

## Guide to Energy Contracts for Businesses

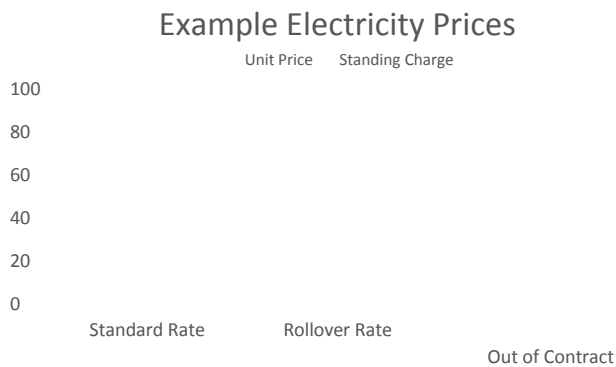
### Beware the small print!

Business energy contracts operate differently to residential energy contracts as suppliers can impose far more onerous terms and conditions which are not covered by consumer protection legislation. Businesses are assumed to understand their energy contracts, and energy suppliers will fully enforce their rights under these often complicated contracts.

Much is buried in the small print, but if you forget or delay renewing your contract you can be forced to pay up to 100% more under a new contract. Notice periods differ between suppliers, but all will religiously enforce their rights.

Although businesses are able to negotiate different and often cheaper rates, the contract process requires close management.

The graph below shows how a typical business could suffer energy price increases of 200% or more.



Information and constant monitoring of energy markets is key to keeping energy costs low.

### You contract will just roll on (but at a cost)

One major difference compared to many other utility services (such as telephone contracts) is that you will never lose your energy supply if you terminate a contract. Instead, if you don't have a new contract in place in time you will simply be placed onto "out of contract" rates. These are obviously much higher and should be avoided but you'll never be without a supply of gas or electricity. **Always reject offers from your current supplier**

Always reject offers from your current supplier to renew your existing contract. No matter how attractive your new offer may appear, renewal rates are always less competitive than new contract rates available on the open market. Always terminate your contract immediately and search for competitive rates – even if you end up resigning with your current supplier.

Renewal rates offered to you can be up to 50% higher than you need to pay - sometimes more.

## How to get the best deal

It suits energy suppliers not to contact you until after the minimum contract termination period has expired to ensure that you have no option but to extend your contract for a further year at higher prices. Note that if you are considered to be a micro-organisation then you do have more flexibility to seek a better deal elsewhere.

You should therefore find the contract you have signed up to, read the small print and follow the six simple steps set out below to switch to get the best deal.

1. **Check your contract** – Check your contract termination notice period to make sure it is not too late to terminate your contract.
2. **Terminate your contract** – Send a letter of termination to your supplier in writing, by email or fax within the notice period set out in your contract. You are then free to search the market for a new contract.
3. **Pick your time** – timing is everything and prices can change on a weekly or even daily basis.
4. **Get Quotes** – You can either get the quotes yourself or use 1<sup>st</sup> Communications to search the market on your behalf and get you switched over. We'll find you the best deals for your circumstances at no charge to your company.
5. **Sign the new deal** – You'll receive your new contract either by email or post. Simply sign it and post it back, including a direct debit if required.
6. **Payment** – ensure your old supplier is fully paid up or they can prevent you moving to your new supplier and increase your prices.

Your new deal starts - Within 4-6 weeks your new contract will begin (or begin after your current one has expired).

It's really as simple as that, but note that credit checks are generally undertaken by the power companies and not all credit risks are accepted.

### Make sure your current supplier is paid up

If you owe your current supplier money they can refuse to allow you to cancel their contract. They will instead put you on to "out of contract" rates and have the power to disconnect your supply if you refuse to pay up. Not only will this result in higher energy costs while you resolve any outstanding issues, but your contract with your new supplier will expire, exposing you to increased future energy costs in a rising market.

### Moving Premises?

Did you know that your existing contract will automatically end when you leave your old premises? But did you also know that you will be supplied at out of contract rates at your new premises until you enter into a new supply contract. So, although the power and heating may be "on" when you move in, your energy prices may be up to three times as expensive as market prices until you take action to rectify the situation.

### You CAN be disconnected

Unlike residential contracts, business supply contracts operate differently when it comes to disconnection for non-payment. Unsurprisingly, strict rules apply to residential customers which normally require that a prepay meter be installed to ensure continuity of service. No such rules apply to business customers who can be disconnected, and then charged a hefty fee for reconnection and suffer a significant delay. Such disruption can prove to be disastrous for most businesses.

**1<sup>st</sup> Communications can do all of the above for you.**